Frontier Emerging Markets Equity

Quarterly Report | Second Quarter 2022

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Composite Performance

Total Return (%) — Periods Ended June 30, 2022[1]

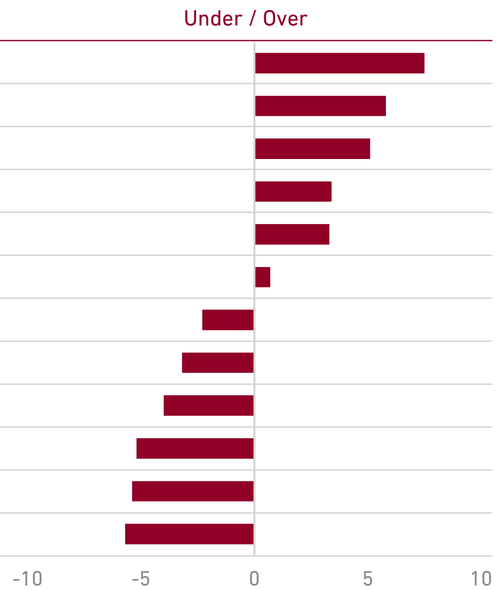
	3 Months	YTD	1 Year	3 Years[2]	5 Years[2]	10 Years[2]	Since Inception[2,3]
HL Frontier Emerging Markets Equity (Gross of Fees)	-14.94	-20.00	-15.72	-2.90	0.16	4.18	0.56
HL Frontier Emerging Markets Equity (Net of Fees)	-15.24	-20.54	-16.86	-4.22	-1.19	2.72	-0.84
MSCI Frontier Emerging Markets Index[4,5]	-18.22	-17.72	-14.65	-5.74	-1.65	1.34	-2.01

[1]The Composite performance returns shown are preliminary; [2]Annualized Returns; [3]Inception Date: May 31, 2008; [4]The benchmark index; [5]Gross of withholding taxes.

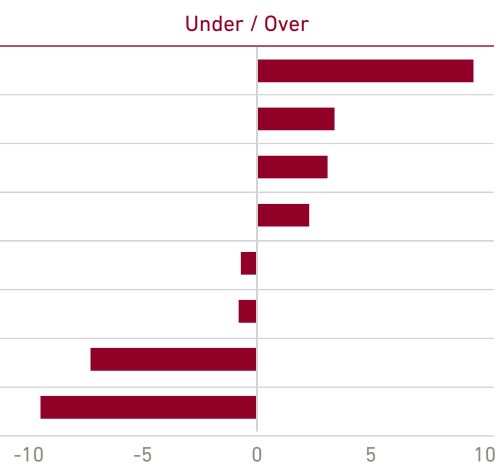
Past Performance does not guarantee future results. Invested capital is at risk of loss. Please read the above performance in conjunction with the footnotes on the last page of this report. All performance and data shown are in US dollar terms, unless otherwise noted.

Portfolio Positioning (% Weight)

Sector	HL FEM	MSCI FEM
Info Technology	7.5	–
Cons Discretionary	7.0	1.2
Cons Staples	13.3	8.2
Cash	3.4	–
Health Care	6.4	3.1
Financials	36.5	35.8
Energy	2.6	4.9
Comm Services	5.3	8.5
Utilities	0.0	4.0
Materials	3.4	8.6
Real Estate	7.9	13.3
Industrials	6.7	12.4



Geography	HL FEM	MSCI FEM
Dev. Market Listed[6]	9.5	–
Cash	3.4	–
Gulf States	8.9	5.8
Africa	17.3	15.0
Middle East	0.0	0.7
Europe	13.6	14.4
Latin America	7.9	15.2
Asia	39.4	48.9



[6]Includes companies in frontier markets or small emerging markets listed in developed markets. Current frontier markets exposure in the portfolio is 43.0% and emerging markets exposure is 44.1%.

Sector and geographic allocations are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. Source: Harding Loevner Frontier Emerging Markets Model; MSCI Inc. and S&P. MSCI Inc. and S&P do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.

Market Review

Amid a global sell off, Frontier Emerging Markets (FEMs) plunged 18% in the quarter. A trifecta of rising inflation, tightening monetary policies across the world, and disruption in global trade and investment caused by the Russia-Ukraine war and China's pandemic lockdowns set the stage for global recession. There was no place to hide in FEMs as every region except the tiny Middle East (which just contains Jordan) was in the red.

Index heavyweights the Philippines and Vietnam led Asia lower. In the Philippines, investors awaited clarity on President-elect Ferdinand Marcos Jr.'s plans to spur growth and address the nation's rising fiscal deficit. Meanwhile, the Philippine Central Bank has turned its focus squarely toward taming inflation, hiking rates by a total of 50 bps over the course of May and June, ending the accommodative monetary policy it had pursued since the start of the pandemic. In Vietnam, manufacturing activity, which was strong in the first quarter, was slowed by China's lockdowns (Chinese factories supply a third of Vietnamese manufacturers' inputs). The government's crackdowns on illicit bond issuances and its tightening of real estate credit dragged down Vietnamese bank and real estate stocks.

Africa was dragged lower by Egypt and Kenya. In both countries, inflation spiked and rising oil and food prices put pressure on the trade balance and currency. Nigeria was the one positive market in Africa, as local pension funds piled into stocks as a hedge against inflation and currency devaluation risks.

Latin America, the worst-performing region, succumbed to selling pressure, with both Peru and Colombia posting double-digit declines. Expectations of a resurgence of global demand and constrained supply, which had pushed prices of metals and oil higher, dissipated during the quarter, sending metals plummeting, as new risks emerged, hurting companies in both countries. A stalemate between Peru's president Pedro Castillo and Congress has bogged down his plans to levy stiff taxes on the mining sector but is also stifling economic reforms that could stimulate growth and private investment. In Colombia, leftist Gustavo Petro's victory in June's presidential run-off sent stocks tumbling as investors braced for anti-capitalist policies.

FEM currencies were weaker against the US dollar as the greenback firmed up on an aggressive rate hike by the US Federal Reserve and expectations of further tightening. About a fifth of FEM's negative return for the quarter resulted from currency depreciation.

Performance by sector was negative across the board. Viewed by style, the most significant underperformance came from the market's fastest-growing companies. With the rise in the interest rates used to discount future cash flows having its most pronounced impact on shares with their prospective cash flows furthest in the future, stocks in the highest growth quintile underperformed those in the lowest by 1,900 basis points.

MSCI FEM Index Performance (USD %)

Sector	2Q 2022	Trailing 12 Months
Communication Services	-16.0	-14.1
Consumer Discretionary	-12.3	-11.9
Consumer Staples	-10.5	-17.3
Energy	-14.9	-0.9
Financials	-17.6	-7.3
Health Care	-12.6	-19.2
Industrials	-25.5	-26.9
Information Technology	-24.8	-41.9
Materials	-25.9	-20.6
Real Estate	-16.2	-23.8
Utilities	-15.1	-9.4
Geography	**2Q 2022**	**Trailing 12 Months**
Philippines	-19.4	-17.4
Vietnam	-20.8	-26.1
Peru	-30.2	-7.5
Colombia	-27.6	4.1
Morocco	-10.9	-15.3
Bahrain	-10.8	21.0
Iceland	-20.2	-25.9
Kazakhstan	-11.4	-40.8
Romania	-3.3	-1.2
Nigeria	9.3	13.8
MSCI FEM Index	-18.2	-14.7

Source: FactSet (as of June 30, 2022). MSCI Inc. and S&P.

Selected countries are the 10 largest by weight, representing 84.3% of the MSCI Frontier Emerging Markets Index, listed in order of their weighting.

Performance and Attribution

In the second quarter, the Frontier Emerging Markets Composite fell by 14.9%, gross of fees, while its benchmark, the MSCI Frontier Emerging Market Index, fell by 18.2%.

By sector, Industrials contributed the most to positive relative performance. Moroccan port operator **Marsa Maroc** benefited from high transshipment activity and capacity utilization at its recently expanded container terminal located at the Strait of Gibraltar. Our returns in Information Technology (IT)

Companies held in the portfolio at the end of the quarter appear in bold type; only the first reference to a particular holding appears in bold. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of holdings for the past year, please contact Harding Loevner. A list of our ten largest holdings at June 30, 2022 is available on page 6 of this report.

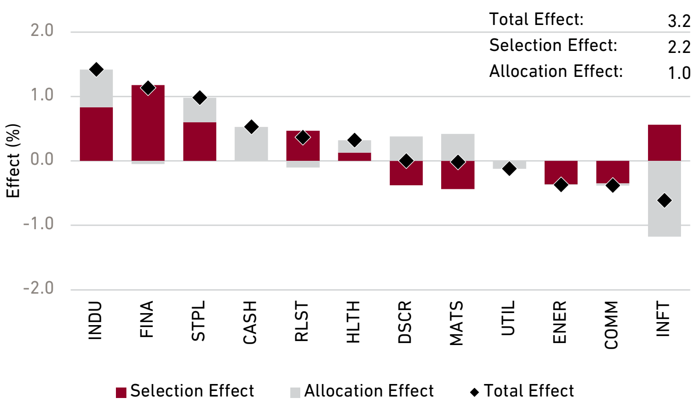
were dragged down by Argentina-based IT services firm **Globant**. Despite accelerating revenue growth in the firm's largest market of North America, its shares' prior high valuation weighed against them.

By region, stocks in Asia, particularly in the Philippines and Vietnam, performed the best. The easing of mobility restrictions helped Filipino real estate property developer **SM Prime Holdings** see a rebound to nearly pre-pandemic levels in foot traffic and occupancy rates at its malls. Vietnam-based **Saigon Cargo Service Corp**. reported that strong demand for shipping services amid the global supply disruptions contributed to a 40% surge in its international cargo volumes during the first quarter. Preliminary reports on the second quarter were less positive, as China's lockdowns impeded the movement of goods to and from Vietnam's industrial northern provinces. Stock selection was weakest in Africa, primarily due to the weak performance of Nigerian banks **Zenith Bank** and **Guaranty Trust Bank**. Despite positive loan growth, higher costs for energy, advertising, and communications ate into the banks' profitability.

Second Quarter 2022 Performance Attribution

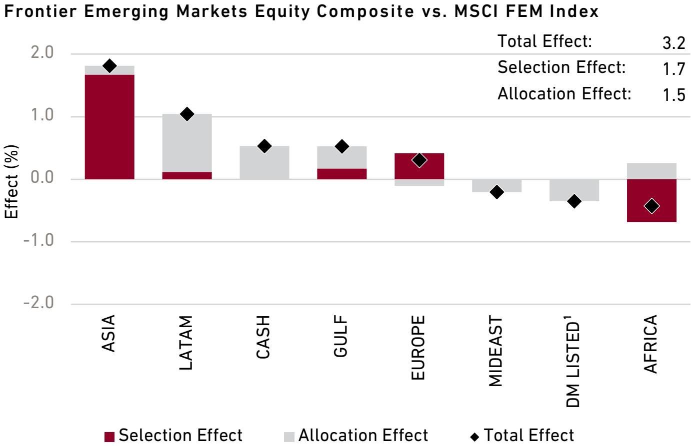
Sector

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



Geography

Frontier Emerging Markets Equity Composite vs. MSCI FEM Index



[1]Includes companies in frontier markets or small emerging markets listed in developed markets. Source: FactSet; Harding Loevner Frontier Emerging Markets Equity Composite; MSCI Inc. and S&P. The total effect shown here may differ from the variance of the Composite performance and benchmark performance shown on the first page of this report due to the way in which FactSet calculates performance attribution. This information is supplemental to the Composite GIPS Presentation.

Perspective and Outlook

If it is true that when the US sneezes the rest of the world catches a cold, it is also true that when developed markets catch a cold emerging and frontier markets tend to wind up in the hospital. As inflation rises globally and the US and Europe hike interest rates while rolling back COVID-19-era fiscal support, EM and FEM economies—many of which have low savings rates and must borrow from overseas to finance a portion of their fiscal deficits—are not only wrestling with inflation but also with capital outflows. The Russia-Ukraine war's disruption of commodity and energy supplies has hit FEM nations especially hard given the large portion of their populations' disposable income that goes to meet basic consumption needs. In the poorest locales, shortages of fuel and food increasingly impact daily life.

In many cases, the strong balance sheets, profitably growing operations, and dominant market shares commanded by our FEM companies today are a legacy of the discipline instilled and market share gained during past periods of economic and political stress.

None of this is good for our investments. In our recent discussions with company managements, many warned about the effect of rising inflation and higher input and logistics costs on profitability. Even companies with strong pricing power will see their margins squeezed since they can't increase prices enough without hurting consumer demand in the current environment. Banks are downgrading their loan growth expectations, anticipating cuts in corporate capital spending and lower credit demand. But FEM companies, particularly the high-quality companies we hold, are a resilient lot. In many cases, the strong balance sheets, profitably growing operations, and dominant market shares commanded by these companies today are a legacy of the discipline instilled and market share gained during past periods of economic and political stress. If our invested companies do not exactly welcome crises, they have shown their ability to make the best of them.

Our four banks in Georgia and Kazakhstan are cases in point. As Russia's invasion of Ukraine in late February sent shockwaves throughout the world, the reverberations were felt acutely in this pair of former Soviet republics—the first whose 2008 invasion by Russia prefigured the Ukraine conflict, and the second which has long had to balance its push for Western-style economic reform with its authoritarian leadership's close ties to Russia.

From mid-February through the first week of March, shares of Georgia-based **TBC Bank** and **Bank of Georgia** sank 40% before recovering a little over half that ground in recent weeks. Our Kazakh banks fared even worse, as the Ukraine invasion came just a few weeks after an internal crisis in which protests over rising fuel prices escalated into bloody riots that were only quelled after President Kassym-Jomart Tokayev called on Russian troops to help. At quarter end, **Halyk Savings Bank** and **Kaspi Bank**'s stock prices were still down nearly 40% and 60%, respectively, for the year. At that point, shares of Halyk, TBC, and Bank of Georgia were trading *below* their book value. Put another way, their prices reflected no consideration of future earnings that have historically been 20% or more annually of the companies' equity capital.[1] While we are cognizant of the geopolitical threats to Kazakhstan and Georgia, we don't think our banks' situation is as dire as implied by these depressed valuations.

Both countries have taken steps to harden their banking systems against the worst effects of economic instability. The post-Soviet era of the 1990s and 2000s was characterized by bouts of hyperinflation and sharp depreciation for the Georgian lari and Kazakh tenge. Citizens lost trust in their local currencies, and sought to preserve the value of their savings by keeping them in US dollars. USD loans, being more stable, were offered at lower interest rates, pushing consumers and businesses to borrow in dollars. In 2011, around three quarters of Georgian banking sector deposits and loans were denominated in dollars; as were over half of loans in Kazakhstan.

Such high levels of "dollarization" pose risks to the banking system and, indeed, to the economy as a whole, in the event of shocks that result in currency depreciation. Borrowers who earn in local currency struggle to repay dollar-denominated debts, souring a large portion of such loans. Central banks, lenders of last resort in crises, have limited hard-currency reserves available for the purpose. As the size of banks' foreign currency-denominated loans balloons relative to their capital base, currency depreciation also erodes their capital buffers, the majority of which is typically in local currency. Thinly capitalized banks then risk breaching regulatory minimum capital requirements and having to raise additional capital at the worst possible time.

Regulators in Georgia and Kazakhstan have pushed their banks to de-dollarize through capping interest rates on foreign currency deposits and improving deposit insurance terms for locally denominated deposits. As systemically important banks, Bank of Georgia, TBC, and Halyk have leaned into these reforms. In the process, they have recognized that reducing their exposure to foreign currency deposits and loans can boost their lending spreads (because, as noted, local currency gets lent out at a higher rate). What hard-currency loans they do originate now are primarily made to exporters or borrowers like hospitality businesses and workers whose earnings are tied to hard currency. Kaspi, which lends only to consumers, originates virtually all its loans in tenge.

The experience of past crises has also taught our banks the importance of keeping ample cushion to guard against unexpected shocks. The decline in oil prices coupled with the end of real estate and construction-led credit growth in the wake of the global financial crisis (GFC) saddled Kazakh banks, including Halyk, with significant problem loans. A few years after the GFC, the share of such loans for Halyk touched 19%. Since then, Halyk has worked through its bad debts, bringing down the ratio to 2.6%, and has set aside reserves to absorb potential future losses. Its total capital buffer is 19.4% of risk-weighted assets, significantly above the 12% minimum level mandated by its regulator, and yet it continues to generate some of the highest (25%+) returns on equity among our Eastern European bank holdings.

Georgia is smaller and less resource-dependent than Kazakhstan, and its banks receive stricter regulatory oversight. Except for a brief spike following the GFC and the 2008 Russian invasion, our Georgian banks have navigated economic challenges, including the pandemic, without significant credit losses. More recently, in response to 2019 regulations mandating stricter income verification and loan caps tied to consumer incomes, TBC and Bank of Georgia curbed their exposures to the riskiest consumer loans. Notably, between 75% and 85% of loans at both banks are now secured by cash, real estate, or gold—the value of which exceeds the value of the loans by almost two times.

> In Georgia, the influx of some 40,000 Russian migrants, mostly skilled professionals in fields like IT, has had a large effect on a country of just 3.7 million people—adding to the economy's dynamism and causing the consumer culture in Tblisi, the capital and largest city, to flourish.

Today, TBC and Bank of Georgia collectively control over 75% of all Georgian loans and deposits while the equivalent combined market share for Kaspi and Halyk is roughly 45%. Our banks achieved these dominant positions by growing organically and through opportunistic acquisitions during periods of dislocation when weak local competitors and subscale subsidiaries of foreign banks exited the markets. Earlier this year, following imposition of Western sanctions on Russia, three Russian banks, including Sberbank, then the third-largest lender in Kazakhstan, found themselves struggling with liquidity as depositors began withdrawing their funds. On the strength of its reputation and extensive branch network, Halyk gained most of these deposits and also acquired a portion of Sberbank's loan portfolio on very attractive terms.

[1]Kaspi Bank, the one company among our Eastern European banks *not* currently trading below book, derives half its profits from fees on e-commerce and payments. This means that many of its key assets, such as computer code, are intangible and their book value is less relevant than that of a typical bank's assets.

Coming out of a tough 2020 hampered by the pandemic, the Georgian economy recovered to grow 10.6% in 2021 and is projected to grow 5–6% in 2022 (toward the high of its range for the previous 10 years), supported by rebounding tourism and higher exports and remittances. The lari, after a dive around the time of the invasion of Ukraine, later bounced back to pre-invasion levels. The influx of some 40,000 Russian migrants, mostly skilled professionals in fields like IT, has had a large effect on a country of just 3.7 million people—adding to the economy's dynamism and causing the consumer culture in Tblisi, the capital and largest city, to flourish. Despite the January fuel riots, Kazakhstan's economy has also been resilient, with growth reaching 4.4% in Q1. President Tokayev has finally taken steps to distance himself from his long-serving predecessor Nursultan Nazarbayev, commencing reforms that purport to curb the rampant self-dealing of the Nazarbayev era. The country also benefits from higher oil prices; its oil exports are projected to hit US$50 billion in 2022, 56% more than last year.

In the long term, spillovers from the war could still have pronounced negative effects. Russia and Ukraine have historically been among Georgia's main trading partners and the source of a fifth of its inbound tourists. Kazakhstan's oil exports account for 17% of its GDP and oil revenues comprise over a quarter of state budget revenues. Close to 80% of its exported oil is still piped to the Russian Black Sea port of Novorossiysk, leaving Kazakh producers vulnerable to the fallout from sanctions on Russia and other disruptions.

But while these are threats to our banks' growth, we do not think they will derail them. In Georgia, foreign direct investment (FDI) hit almost US$600 million in the first quarter, more than four times what it was a year ago. The country is poised to continue attracting FDI given the strategic location of its Black Sea ports, which offer maritime access to Europe as well as rail links to China via Turkmenistan and Uzbekistan. In Kazakhstan, President Tokayev's economic reforms—centered on cutting red tape, streamlining the tax system, and leveling the playing field for competition—could invigorate domestic firms to invest more. In the meantime, retail lending remains largely underpenetrated: Georgia's retail loans stand at just 37% of its GDP while in Kazakhstan that ratio is 14%. Mortgages and insurance are still in nascent stages. The banks are also expanding in areas such as payments and e-commerce, which offer highly profitable, fee-based revenue streams and yet another avenue of longer-term growth. While they may provide, at times, a bumpy ride, we are confident in the banks' fundamental ability to generate attractive returns on capital over the long term.

Portfolio Highlights

Hard times for voters, especially poor ones, breed resentment that gives rise to political populism. In both Peru and Colombia, increased poverty, unemployment, and income inequality in the wake of the pandemic have exacerbated citizens' prior grievances. Last summer, Peruvians elected Pedro Castillo—a former schoolteacher with no political experience—as president. This June, Colombians chose leftist Gustavo Petro, a former guerilla fighter, to run their country for the next four years.

Both politicians made radical promises on the campaign trail to reshape economic and governance structures that have existed in Peru and Colombia for decades. Cognizant that rhetoric does not always translate into actual policy, we nonetheless attempt to assess the implications for our companies of potential policy shifts. We pay especially close attention to changes in regulations in heavily regulated sectors such as natural resources and banking. Our alarm bells go off when we perceive material risk of changes that could threaten a company's core business model or earnings power. In our investment framework, such challenges are qualitatively different than the typical stressors to a company's profitability and growth.

> Peruvian politics continues to be noisy, but the risk of significant damage to the banking sector and Credicorp's business has, in our view, diminished.

Concerns about adverse regulatory change for Peruvian banks, such as caps on interest rates and forced lending to borrowers with poor credit, prompted us to sell **Credicorp** in the wake of the Castillo victory in Peru last June. A year later, the risks that worried us most have failed to materialize. In the meantime, a sell-off in the Peruvian stock market gave us a chance to buy back Credicorp shares at roughly the same price we sold them a year ago. Castillo remains a president with a leftist agenda, but he has not been able to push his most radical policies through Congress, where his Libre Peru party lacks a majority. Julio Velarde, the well-respected governor of Peruvian central bank, was appointed for a fourth five-year term last October, signaling continuity of his measured regulatory oversight. Peruvian politics continues to be noisy, but the risk of significant damage to the banking sector and Credicorp's business has, in our view, diminished. Credicorp's competitive position remains intact, and it retains the top market share across corporate, small business, and consumer lending. Its earnings growth should be supported by higher interest rates, declining loan loss provisions and the phase-out of a government-guaranteed cheap loan program started during the pandemic.

Bancolombia's competitive position is similarly robust. Thus far, Petro has not articulated any radical proposals relating specifically to the banking sector. Colombia already has interest rate caps on consumer loans that are lower than Peru's. Colombian banks are already taxed at 38%, the highest corporate tax rate in the country. The central bank is independent and any modification of the way its board members are elected would require constitutional change. Weighing the risks against its growth outlook and a compelling valuation, we modestly trimmed our Bancolombia exposure this quarter.

We made a more sizable reduction in our holding in **Ecopetrol**, the largest exploration and production company in Colombia, accounting for two-thirds of the country's oil production and over half of its natural gas production. As part of his green energy agenda, Petro has repeatedly promised to reduce the country's dependence on fossil fuels. This includes a proposed ban on fracking and an immediate end to all new oil exploration in the country. Together, these proposals could result in Ecopetrol exhausting its oil and gas reserves in less than nine years.

> As part of his green energy agenda, Colombia's incoming president has repeatedly promised to reduce the country's dependence on fossil fuels. Together, the proposals could result in Ecopetrol exhausting its oil and gas reserves in less than nine years.

Once Petro assumes the presidency on August 7 and moves from campaigning to governing, economic pragmatism may prevail. While at one level Petro's head-on approach to climate change is laudable, the taxes, royalties, and dividends that Ecopetrol alone remits to the Colombian government represent 17% of the nation's revenues. Such an abrupt severing of an industry that is a primary source of funding, growth, and employment would likely plunge the country into a recession just when it has started pulling itself out of a pandemic-induced economic downturn—one of the worst in its history.

Colombia still has strong independent institutions and a fragmented, conservative-led Congress. And, unlike his counterpart in Peru, the incoming Colombian president is a wily political veteran. These factors could result in a middle-ground approach along the lines of the multi-decade plan being pursued by Saudi Arabia to develop its alternative energy resources and invest in other areas of the economy to ease its own transition away from fossil fuels. If we saw signs of such a plan, we would look for an opportunity to build back our holding in Ecopetrol.

Frontier Emerging Markets Ten Largest Holdings (as of June 30, 2022)

Company	Market	Sector	End Wt. (%)
Vietcombank (Commercial bank)	Vietnam	Financials	4.3
SM Prime Holdings (Real estate developer)	Philippines	Real Estate	4.1
Emaar Properties (Real estate developer and manager)	United Arab Emirates	Real Estate	3.8
Banca Transilvania (Commercial bank)	Romania	Financials	3.7
Globant (Software developer)	United States	Info Technology	3.2
Kaspi Bank (Banking and financial services)	Kazakhstan	Financials	3.1
Vietnam Dairy Products (Dairy products producer)	Vietnam	Cons Staples	3.1
Commercial International Bank (Commercial bank)	Egypt	Financials	2.9
Safaricom (Mobile network operator)	Kenya	Comm Services	2.9
Bancolombia (Commercial bank)	Colombia	Financials	2.9

Model Portfolio holdings are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. The portfolio is actively managed therefore holdings shown may not be current. Portfolio holdings should not be considered recommendations to buy or sell any security. It should not be assumed that investment in the security identified has been or will be profitable. To request a complete list of portfolio holdings for the past year contact Harding Loevner.

2Q22 Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Credicorp	FINA	1.3	5.3	0.62
Southern Copper*	MATS	–	3.0	0.50
Agthia	STPL	1.4	–	0.47
EPAM	INFT	2.3	–	0.37
Ayala Land*	RLST	–	2.6	0.37

Last 12 Mos. Contributors to Relative Return (%)

Largest Contributors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Emaar Properties	RLST	3.0	–	1.15
Wilcon Depot	DSCR	3.6	–	0.94
Bank Central Asia	FINA	2.8	–	0.78
Ayala Land*	RLST	–	2.8	0.67
Thaiholdings*	INDU	–	0.7	0.48

2Q22 Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Globant	INFT	3.4	–	-0.62
Network International	INFT	1.7	–	-0.41
Ecopetrol	ENER	3.7	2.2	-0.27
Ahli United Bank*	FINA	–	3.5	-0.27
Commercial International Bank	FINA	3.2	2.1	-0.26

Last 12 Mos. Detractors from Relative Return (%)

Largest Detractors	Sector	Avg. Weight HL FEM	Avg. Weight MSCI FEM	Effect
Network International	INFT	2.0	–	-1.06
Ahli United Bank*	FINA	–	3.1	-0.95
EPAM	INFT	3.5	–	-0.77
Credicorp	FINA	0.3	4.7	-0.75
Globant	INFT	4.0	2.4	-0.59

*Company was not held in the portfolio; its absence had an impact on the portfolio's return relative to the Index.

Portfolio Characteristics

Quality and Growth	HL FEM	MSCI FEM
Profit Margin[1] (%)	20.6	19.7
Return on Assets[1] (%)	5.0	4.1
Return on Equity[1] (%)	19.6	13.6
Debt/Equity Ratio[1] (%)	47.3	88.2
Std. Dev. of 5 Year ROE[1] (%)	3.3	3.7
Sales Growth[1,2] (%)	8.2	4.9
Earnings Growth[1,2] (%)	9.3	4.7
Cash Flow Growth[1,2] (%)	10.4	6.9
Dividend Growth[1,2] (%)	5.4	1.2

Size and Turnover	HL FEM	MSCI FEM
Wtd. Median Mkt. Cap. (US $B)	5.2	6.7
Wtd. Avg. Mkt. Cap. (US $B)	7.7	7.8
Turnover[3] (Annual %)	19.8	–

Risk and Valuation	HL FEM	MSCI FEM
Alpha[2] (%)	2.01	–
Beta[2]	0.99	–
R-Squared[2]	0.93	–
Active Share[3] (%)	60	–
Standard Deviation[2] (%)	17.83	17.44
Sharpe Ratio[2]	-0.05	-0.16
Tracking Error[2] (%)	4.8	–
Information Ratio[2]	0.40	–
Up/Down Capture[2]	100/93	–
Price/Earnings[4]	9.6	10.8
Price/Cash Flow[4]	9.8	8.6
Price/Book[4]	1.8	1.7
Dividend Yield[5] (%)	3.4	3.5

[1]Weighted median; [2]Trailing five years, annualized; [3]Five-year average; [4]Weighted harmonic mean; [5]Weighted mean. Source (Risk characteristics): eVestment Alliance (eA); Harding Loevner Frontier Emerging Markets Composite, based on the Composite returns; MSCI Inc. Source (other characteristics): FactSet (Run Date: July 6, 2022, based on the latest available data in FactSet on this date.); Harding Loevner Frontier Emerging Markets Model, based on the underlying holdings; MSCI Inc.

Completed Portfolio Transactions

Positions Established	Market	Sector
Credicorp	Peru	FINA

Positions Sold	Market	Sector
Commercial Bank of Ceylon	Sri Lanka	FINA

The portfolio is actively managed therefore holdings identified above do not represent all of the securities held in the portfolio and holdings may not be current. It should not be assumed that investment in the securities identified has been or will be profitable. The following information is available upon request: (1) information describing the methodology of the contribution data in the tables above; and (2) a list showing the weight and relative contribution of all holdings during the quarter and the last 12 months. Past performance does not guarantee future results. In the tables above, "weight" is the average percentage weight of the holding during the period, and "contribution" is the contribution to overall relative performance over the period. Contributors and detractors exclude cash and securities in the Composite not held in the Model Portfolio. Quarterly data is not annualized. Portfolio attribution and characteristics are supplemental information only and complement the fully compliant Frontier Emerging Markets Composite GIPS Presentation. Portfolio holdings should not be considered recommendations to buy or sell any security.

Frontier Emerging Markets Composite Performance (as of June 30, 2022)

	HL FEM Gross (%)	HL FEM Net (%)	MSCI FEM Index[1] (%)	HL FEM 3-yr. Std. Deviation[2] (%)	MSCI FEM Index 3-yr. Std. Deviation[2] (%)	Internal Dispersion[3] (%)	No. of Accounts	Composite Assets ($M)	Firm Assets ($M)
2022 YTD[4]	-20.00	-20.54	-17.72	21.02	20.58	N.A.[5]	1	168	50,423
2021	12.18	10.67	4.61	20.37	19.75	N.M.[6]	1	213	75,084
2020	2.66	1.27	-2.36	20.72	19.66	N.M.	1	227	74,496
2019	12.85	11.32	14.46	10.58	10.95	N.M.	1	291	64,306
2018	-13.95	-15.11	-14.37	10.79	11.42	N.M.	1	356	49,892
2017	27.33	25.62	27.19	10.84	11.87	N.M.	1	480	54,003
2016	4.89	3.34	5.41	11.22	12.43	N.M.	1	387	38,996
2015	-16.76	-18.00	-17.99	11.28	11.81	N.M.	1	432	33,296
2014	8.51	6.93	7.52	10.19	10.76	N.M.	1	537	35,005
2013	19.77	18.09	4.59	12.68	11.82	N.M.	1	317	33,142
2012	22.92	21.08	21.23	14.01	13.97	N.M.	1	88	22,658

[1]Benchmark index; [2]Variability of the Composite, gross of fees, and the Index returns over the preceding 36-month period, annualized; [3]Asset-weighted standard deviation (gross of fees); [4]The 2022 YTD performance returns and assets shown are preliminary; [5]N.A.–Internal dispersion less than a 12-month period; [6]N.M.–Information is not statistically significant due to an insufficient number of portfolios in the composite for the entire year.

The Frontier Emerging Markets Composite contains fully discretionary, fee-paying accounts investing in non-US equity and equity-equivalent securities, and cash reserves of companies domiciled predominately in frontier emerging markets and is measured against the MSCI Frontier Emerging Markets Total Return Index (Gross) for comparison purposes. Returns include the effect of foreign currency exchange rates. The exchange rate source of the benchmark is Reuters. The exchange rate source of the Composite is Bloomberg. Additional information about the benchmark, including the percentage of composite assets invested in countries or regions not included in the benchmark, is available upon request.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index. The Index consists of 28 frontier markets and 4 emerging markets. You cannot invest directly in this Index.

Harding Loevner LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Harding Loevner has been independently verified for the period November 1, 1989 through March 31, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The verification report is available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends, interest income and capital gains. Additional information is available upon request. Past performance does not guarantee future results. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The US dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. Net returns are calculated using actual fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The standard fee schedule generally applied to separate Frontier Emerging Markets accounts is 1.50% annually of the market value for the first $20 million; 1.15% above $20 million. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

The Frontier Emerging Markets Composite was created on May 31, 2008 and the performance inception date is June 1, 2008.